



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403

TELEPHONE: 615-313-4700 FAX: 615-741-4165
TTY: 1-800-270-1349
www.tn.gov/humanservices

BILL HASLAM
GOVERNOR

DANIELLE W. BARNES
COMMISSIONER

November 6, 2017

Jimmy Overton, Chairman of the Board
Gallatin Day Care Center, Incorporated
132 W. Main Street
Gallatin, Tennessee 37066

Dear Mr. Overton:

The Department of Human Services (DHS) - Audit Services Division staff conducted an unannounced on-site monitoring review of the Child and Adult Care Food Program (CACFP) at Gallatin Day Care Center, Inc. (Sponsor), Application Agreement number 00-285, on August 31, 2017. We reviewed the Sponsor's records of reimbursements and expenditures for April 2017. The purpose of this review was to determine if the Sponsor complied with the *Title 7 of the Code of Federal Regulations* (CFR) applicable parts, application agreement, and applicable Federal and State regulations.

Background

CACFP sponsors utilize meal count sheets to record the number of meals served for breakfast, lunch, supper, and supplement meals served. Meals served by participating sponsors must meet the minimum guidelines set by the United States Department of Agriculture (USDA) and TDHS to be eligible for reimbursement. The CACFP Sponsor reports the number of meals served through the TDHS Tennessee Information Payment System (TIPS) to seek reimbursement. We inspected meal count sheets for our test period and reconciled the meals claimed to the meals reported as served for each meal service. We also assessed compliance with civil rights requirements. In addition, we observed a meal service during our unannounced site visit on April 26, 2017.

Our review of the Sponsor's records for April 2017 disclosed the following:

1. The number of participants reported in the free, reduced-price, and paid categories was incorrect

Condition

The Claim for Reimbursement for the test month reported 72 participants in the free category, 20 participants in the reduced-price category, and 21 participants in the free category. However, our review of the Sponsor's records disclosed there were 69 participants in the free category, 15 participants in the reduced-price category, and 18 participants in the free category.

The differences were based on the following:

- There were three participants that were classified as free on their applications, but did not have a Families First case number or certificate that would qualify them as free on the applications. In addition, there was no household income listed on the applications. These participants were reclassified as paid.
- The Sponsor over-reported the number of reduced-price participants by five and the number of paid participants for six.

The total number of participants reported was 113, and actual number of participants was 102.

This is a repeat finding from a previous report dated May 4, 2015.

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim."

Recommendation

The Sponsor should implement a system of review to ensure that all participants are reported in the correct category and reported in TIPS accurately.

2. The Sponsor over reported the number of meals claimed for reimbursement

Condition

The Sponsor reported on the Claim for Reimbursement for April 2017 had 814 breakfast meals, 1,158 lunch meals and 1,538 supplements. However, our review of Sponsor records noted 802 breakfast meals, 1,153 lunch meals and 1,538 supplements prior to any meal disallowances.

As a result, the Sponsor over reported 12 breakfast meals and five lunch meals served. (See Exhibit)

Criteria

Title 7 of the Code of Federal Regulations, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim."

Recommendation

The Sponsor should ensure that the claim for reimbursement for meals claims is accurate.

3. Insufficient quantities of milk were purchased

Condition

Based on the number of meals served with milk as a required component, a total of 1,955 half pints were needed to meet the requirement. However, receipts provided by the Sponsor document 1,250 half pints were purchased. There was a shortage of 705 half pints of milk. Additional milk was purchased in the amount of 352 ounces. The milk was served to children ages 1 – 2, and therefore four ounces of milk were required for each meal. This allowed for 88 meals to be served in addition to the meals served with half pints purchased.

As a result, 617 breakfast meals were disallowed. (See Exhibit)

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20 (c)(1) requires Fluid milk, vegetables or fruit, or portions of both, and grains are required components of the breakfast meal.

Title 7 of the Code of Federal Regulations, section 226.20 (c)(2) requires Fluid milk, meat and meat alternatives, vegetable, fruits, and grains are required components in the lunch and supper meals.

Recommendation

The Sponsor should enough milk purchase to provide all participants with eight ounces of milk for meals that are claimed for reimbursement. A share table will allow those participants who do not want milk to give others the opportunity to consume the milk so it does not go to waste. The option to provide meals with offer versus serve will allow participants to decline milk and select another component if preferred.

4. The number of attendance days reported was incorrect

Condition

The Claim for Reimbursement for April 2017 reported 1,544 participant days. However, our review verified 1,542 participant days.

Criteria

Code of Federal Regulations, Title 7, Section 226.10 (c) states, "... In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim."

Recommendation

The Sponsor should ensure that the correct number of attendance days is claimed.

5. The Sponsor served meals outside approved serving time

Condition

Based on our observation of a meal service on April 26, 2017, we observed 62 snacks were served outside of the approved serving time. The non-school age children were served before the approved serving time of 3:00 PM.

As a result of the review, 62 snacks were disallowed. (See Exhibit)

Criteria

Title 7 of the Code of Federal Regulations, Section 226.20 (k) states, "State agencies may require any institution or facility to allow a specific amount of time to elapse between meal services or require that meal services not exceed a specified duration. ..."

Recommendation

The Sponsor should serve meals during the approved serving time in listed in TIPS and/or change the serving time to meet the needs of the center and the participating children.

Disallowed Meals Cost

Based on our review, we determined that the Sponsor's noncompliance with the applicable Federal and State regulations that govern the CACFP resulted in a total disallowed cost of \$1,974.12.

Corrective Action

Gallatin Day Care Center, Inc. must complete the following actions within 30 days from the date of this report:

- Login to the Tennessee Information Payment System (TIPS) and revise the claim(s) submitted for each site for April 2017, which contains the verified claim data from the enclosed exhibit.
- Remit a check payable to the ***Tennessee Department of Human Services*** in the amount of \$1,974.12 for recovery of the amounts disallowed in this report. **Please return the attached billing notice with your check**; and
- Prepare and submit a corrective action plan to address the deficiencies identified in this report. The corrective action plan template is attached. Please return the corrective action plan to:

AuditServices.CAPS.DHS@tn.gov

If you have questions relative to the corrective action plan please contact:

Allette Vayda, Director
Child and Adult Care Food Program
8th Floor Citizens Plaza Building
400 Deaderick Street
Nashville, Tennessee 37243
Allette.Vayda@tn.gov
(615)313-3769

Please note that the amount of disallowed cost is subject to an interest charge. The interest charge will be waived if your revised claim within 30 business days from the date of this report. If the revised claim is not completed by the 30 - day deadline, an interest charge may be billed to your institution. Please mail your check and the billing notice to:

Child and Adult Care Food Program
Fiscal Services
11th Floor, Citizens Plaza Building
400 Deaderick Street
Nashville, Tennessee 37243

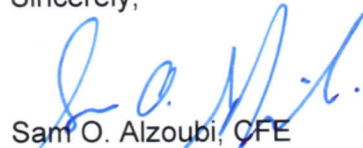
In accordance with the federal regulation found at *7 CFR Part 226.6 (k)*, your institution may appeal the amount of disallowed cost identified in this monitoring report. The procedures for submitting an appeal are enclosed. The appeal must be submitted to:

Tennessee Department of Human Services
Appeals and Hearings Division, Clerk's Office
P.O. Box 198996
Nashville, TN 37219

If the Institution decides to appeal the amount of disallowed administrative and meals cost, all appeal procedures must be followed as failure to do so may result in the denial of your request for an appeal.

We appreciate the assistance provided during this review. If you have any questions regarding this report, please contact Sean Baker, Audit Director 2, at 615-313-4727 or Sean.Baker@tn.gov.

Sincerely,



Sam O. Alzoubi, CFE
Director of Audit Services

Exhibit

cc: Linda Boyers, Executive Director
Allette Vayda, Director, Child and Adult Care Food Programs
Debra Pasta, Program Manager, Child and Adult Care Food Program
Constance Moore, Program Specialist, Child and Adult Care Food Program
Marty Widner, Program Specialist, Child and Adult Care Food Program
Elke Moore, Administrative Services Assistant 3, Child and Adult Care Food Program
Comptroller of the Treasury, State of Tennessee

Exhibit**Sponsor: Gallatin Day Care Center, Inc.****Review Month/Year: April 2017****Total Meal Reimbursement Received: \$6,465.12**

Site Meal Service Activity and Monitor Reconciliation	Reported on Claim	Reconciled to Provided Documents
Total Number of Days Food Served	18	18
Percentage of Participants in the Free or Reduced-price Category	XXXXX	82%
Number of Participants in Free Category	72	69
Number of Participants in Reduced Category	20	15
Number of Participants in Paid Category	21	18
Total Number of Participants	113	113
Number of Breakfasts Served	814	141
Number of Lunches Served	1,158	1,153
Number of Supplements Served	1,538	1,476
Total Amount of Eligible Food Costs	XXXXXXXX	\$2,971.26
Total Amount of Eligible Food and Non-Food Costs	XXXXXXXX	\$3,521.69



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November 6, 2017

Jimmy Overton, Chairman of the Board
Gallatin Day Care Center, Incorporated
132 W. Main Street
Gallatin, Tennessee 37066

Notice of payment due to findings disclosed in the monitoring report dated November 6, 2017, for Child and Adult Care Food Program (CACFP).

Institution Name:	Gallatin Day Care Center, Inc.
Institution Address:	108 South Park Circle Gallatin, Tennessee 37066
Agreement Numbers:	00-393
Amount Due:	\$1,974.12
Due Date:	December 6, 2017

Based on the monitoring report issued on November 6, 2017 by the Audit Services Division within the Tennessee Department of Human Services, the Community and Social Services - Food Programs - CACFP & SFSP management has agreed with the findings which requires your institution to reimburse the Department of Human Services for disallowed meals cost.

Please remit a check or money order payable to the ***Tennessee Department of Human Services*** in the amount of \$1,974.12 by the due date to:

**Fiscal Services 11th Floor
Citizens Plaza Building
400 Deaderick Street
Nashville, Tennessee 37243-1403
Tennessee Department of Human Services**

Please note that the disallowed cost / overpayment of the CACFP is subject to an interest charge. The interest charge will be waived if the payment is received by the due date. If payment is not received by the end of 5th day of the due date, an interest charge may be added to the original amount due and will be billed to your entity.

If you have any questions regarding this notice, please feel free to contact Allette Vayda, Director, Community and Social Services - Food Programs - CACFP & SFSP at (615) 313-3769 or Allette.Vayda@tn.gov.

Thank you for your attention

**Corrective Action Plan for Monitoring Findings**

Instructions: Please print in ink or type the information to complete this document. Enter the date of birth for each Responsible Principal and/or Individual in Section B. Attach the additional documentation requested. Enter your name, title and date of signature on the last page. Please sign your name in ink.
Please return ALL pages of the completed Corrective Action Plan form.

Section A. Institution Information

Name of Sponsor/Agency/Site: Gallatin Day Care Center, Inc	Agreement No. 00-285	<input type="checkbox"/> SFSP <input checked="" type="checkbox"/> CACFP
Mailing Address: 132 West Main Street Gallatin, Tennessee 37066		
Section B. Responsible Principal(s) and/or Individual(s)		
Name and Title: Jimmy Overton, Chairman of the Board	Date of Birth: / /	
Section C. Dates of Issuance of Monitoring Report/Corrective Action Plan		
Monitoring Report: 11/6/2017	Corrective Action Plan: 11/06/2017	

Section D. Findings**Findings:**

1. The number of participants reported in the free, reduced-price, and paid categories was incorrect.
2. The Sponsor over reported the number of meals claimed for reimbursement
3. Insufficient quantities of milk were purchased.
4. The number of attendance days reported was incorrect
5. The Sponsor served meals outside approved serving time

The following measures will be completed within **30 calendar days** of my institution's receipt of this corrective action plan:

Measure No. 1: The number of participants reported in the free, reduced-price, and paid categories was incorrect

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No.2: The Sponsor over reported the number of meals claimed for reimbursement

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 3: Insufficient quantities of milk were purchased

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 4: The number of attendance days reported was incorrect

The finding will be fully and permanently corrected.
Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:	Position Title:
Name:	Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

Measure No. 5: The Sponsor served meals outside approved serving time.

The finding will be fully and permanently corrected.

Identify the name(s) and position title(s) of the employee(s) who will be responsible for ensuring that the finding is fully and permanently corrected:

Name:

Position Title:

Name:

Position Title:

Describe below the **step-by-step** procedures that will be implemented to correct the finding:

When will the procedures for addressing the finding be implemented? Provide a timeline below for implementing the procedures (i.e., will the procedures be done daily, weekly, monthly, or annually, and when will they begin?):

Where will the Corrective Action Plan documentation be retained? Please identify below:

How will new and current staff be informed of the new policies and procedures to address the finding (e.g., Handbook, training, etc.)? Please describe below:

I certify by my signature below that I am authorized by the institution to sign this document. As an authorized representative of the institution, I fully understand the corrective measures identified above and agree to fully implement these measures within the required time frame. I also understand that failure to fully and permanently correct the findings in my institution's CACFP or SFSP will result in its termination from the program, and the placement of the institution and its responsible principals on the National Disqualified List maintained by the U.S. Department of Agriculture.

Printed Name of Authorized Institution Official:

Position:

Signature of Authorized Institution Official: _____

Date: / /

Signature of Authorized TDHS Official:_____

Date: / /

- (xi) The institution, one of its sponsored facilities, or one of the principals of the institution or its facilities has been convicted for any activity that indicates a lack of business integrity;

(c) Administrative review is also available if the State agency notifies the institution and responsible principal or responsible individual of the following actions: proposed disqualification of a responsible principal or responsible individual, denial of a budget, denial of a line item within a budget, downward adjustment of the amount approved in a budget, suspension of an institution's participation, denial of start-up or expansion funds, denial of a request for advanced payment, recovery of an advance in excess of a claim, denial of a claim for reimbursement (except for late submission), decision not to forward an exception request for payment of a late claim, overpayment demand, denial of a new or renewing institution's application for participation, denial of sponsored facility application, notice of proposed termination, claim denial, claim deadline exceptions and requests for upward adjustments to a claim, or any other action affecting an institutions participation or claim for payment.

3. All appeal requests must be presented in writing to the TDHS Division of Appeals and Hearings not later than 15 calendar days after the date the institution or sponsoring agency receives the notice of adverse administrative action.

4. The date of an institution's or sponsoring agency's receipt of a notice of suspension and/or proposed termination and disqualification will be governed by the federal regulation at 7 CFR Part 226.2. The notice must specify the action being proposed or taken and the basis for the action, and is considered to be received by the institution or day care home when it is delivered, sent by facsimile, or sent by email. If the notice is undeliverable, it is considered to be received by the institution, responsible principal or responsible individual, or day care home five days after being sent to the addressee's last known mailing address, facsimile number, or email address.

5. The TDHS Division of Appeals and Hearings will acknowledge the receipt of the appeal request within 10 calendar days of the receipt of the institution's or sponsoring agency's request for review. The written request for review should state if a fair hearing is requested or if a review of written information in lieu of a fair hearing is requested. If the appeal request from the institution or sponsoring agency does not specifically request a hearing, a review of written information in lieu of a hearing will occur. If a fair hearing is requested and the institution or sponsoring agency's representative fails to appear, the right to a personal appearance is waived.

6. If an institution or sponsoring agency does not request a fair hearing or a review of written information in lieu of the hearing within 15 calendar days from the date the institution or sponsoring agency receives a Notice of Proposed Termination, the TDHS will issue a letter advising the institution or sponsoring agency that it is terminated from the CACFP effective on the 16th calendar day following the institution's or sponsoring agency's receipt of the notice, and that the responsible principals and individuals of the institution or sponsoring agency are disqualified from participation.

7. To be considered for a fair hearing or for a review of written information in lieu of a fair

Appeal Procedures for Child and Adult Care Food Program-Institutions
Revised March 2017

hearing, all written documents must be submitted to the TDHS Division of Appeals and Hearings not later than 30 days after receipt of the notice of adverse administrative action.

8. The action of the TDHS must remain in effect during the administrative review. The effect of this requirement on particular actions by TDHS is as follows:

(i) *Overpayment demand.* During the period of the administrative review, TDHS is prohibited from taking action to collect or offset the overpayment. However TDHS must assess interest beginning with the initial demand for remittance of the overpayment and continuing through the period of administrative review unless the administrative review official overturns the TDHS's action.

(ii) *Recovery of advances.* During the administrative review, TDHS must continue its efforts to recover advances in excess of the claim for reimbursement for the applicable period. The recovery may be through a demand for full repayment or an adjustment of subsequent payments.

(iii) *Program payments.* The availability of Program payments during an administrative review of the denial of a new institution's application, denial of a renewing institution's application, proposed termination of a participating institution's agreement, and suspension of an institution are addressed in paragraphs (c)(1)(iii)(D), (c)(2)(iii)(D), (c)(3)(iii)(D), (c)(5)(i)(D), and (c)(5)(ii)(E), respectively, of 7 CFR §226.6.

9. The institution or sponsoring agency must refute the charges contained in the notice during the fair hearing or in the written information that is provided in lieu of the hearing.

10. The institution and the responsible principals and responsible individuals may retain legal counsel, or may be represented by another person.

11. If a fair hearing is requested, the institution or sponsoring agency will be notified in writing of the time, date and place of the fair hearing at least 10 calendar days in advance.

12. Any information which supports an adverse administrative action taken by the TDHS shall be available to the institution or sponsoring agency for inspection from the date of the receipt of the request for a fair hearing or a review of written information in lieu of the hearing.

13. In accordance with 7 CFR Part 226.6 (k)(8), the TDHS Division of Appeals and Hearings must conduct the administrative review of the proposed disqualification of the responsible principals and responsible individuals as part of the administrative review of the application denial, proposed termination, and/or proposed disqualification of the institution with which the responsible principals or responsible individuals are associated. However, at the administrative review official's discretion, separate administrative reviews may be held if the institution does not request an administrative review or if either the institution or the responsible principal or responsible individual demonstrates that their interests conflict.

14. The procedures contained in the Uniform Administrative Procedures Act found at TCA 4-5-301 et seq. shall be followed in rendering a decision on all appeals. The decision of the hearing officer is the final administrative determination to be afforded to the institution or sponsoring agency, and shall be rendered in a timely manner not to exceed 60 calendar days from the date of the receipt of the request for a fair hearing.

15. The processing limits for administrative appeals MUST be met. In the event a continuance is requested by a party, one continuance may be granted at the Hearing Official's discretion. This

Appeal Procedures for Child and Adult Care Food Program-Institutions
Revised March 2017

continuance shall not be for a period longer than ten (10) calendar days unless there are exceptional circumstances. Exceptional circumstances must be detailed in the order of continuance and the order must contain a date certain for the hearing, to be set as soon as possible. A report of pending CACFP desk review and fair hearing requests will be generated and reviewed daily by the Clerk's Office and the Legal Director for Appeals and Hearings who will monitor the dates for timeliness. In the event a decision has not been rendered within forty-five (45) calendar days of the date of receipt of the request for fair hearing or desk review, the Legal Director for Appeals and Hearings or their back-up shall notify the hearing official to take appropriate action.

16. All requests for a fair hearing or for a review of written information in lieu of a hearing must be submitted to:

Tennessee Department of Human Services
Division of Appeals and Hearings
PO Box 198996, Clerk's Office
Nashville, TN 37219-8996
Fax: (615) 248-7013 or (866) 355-6136
E-mail: AppealsClerksOffice.DHS@tn.gov

17. If a termination action is upheld by the hearing officer, the TDHS will issue a letter to the institution or sponsoring agency and its responsible principals and individuals advising that the termination and disqualification are effective on the date of the ruling issued by the hearing officer. The agency maintains searchable records of all administrative reviews and their dispositions for a period of five (5) years.

18. As required by 7 CFR Part 226.6 (c)(7), each disqualified institution, sponsoring agency, principal and individual will be placed on the National Disqualified List maintained by the U.S. Department of Agriculture (USDA). Once included on the National Disqualified List, an institution, sponsoring agency, principal and individual shall remain on the list until such time as the USDA, in consultation with the TDHS, determines that the serious deficiencies that led to their placement on the list have been corrected, or until seven years have elapsed since they were disqualified from participation. However, if the institution, sponsoring agency, principal or individual has failed to repay debts owed under the program, they will remain on the list until the debt has been paid.